

News from Attorney General Eric T. Schneiderman

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A.G. SCHNEIDERMAN OBTAINS \$540K JUDGMENT AGAINST FORMER ULSTER COUNTY OFFICIAL FOR DEFRAUDING TAXPAYERS

*Frederick Fritschler, Former Chair of Ulster County Environmental
Management Council, Found Liable For Fraud and Breaches of Fiduciary Duty
For Funneling Public Funds Through Charity He Controlled*

Fritschler Permanently Banned from Fundraising in New York

ALBANY – Attorney General Eric T. Schneiderman announced today that he has obtained a \$540,000 judgment against former Ulster County official Frederick Fritschler for fraudulently diverting taxpayer funds to a charity he controlled and for his personal use. From 2002 through 2006, and without disclosing to other County officials his role at the charity, the Lower Esopus River Watch, Inc., Fritschler abused his position as Chairman of the Ulster County Environmental Management Council (EMC) to help steer public funds to the not-for-profit. Fritschler used some of that money to pay for his personal living expenses, including vacations, entertainment, clothing, meals at high-end restaurants and other personal items.

The court order requires Fritschler, age 59, of Rosendale, N.Y., to pay Ulster County \$385,000 in restitution and damages, plus an estimated \$155,000 in interest.

“Abuse of your official position for private gain is unacceptable no matter who you are,” **Attorney General Schneiderman** said. “This former county official is being required to repay every cent of the taxpayers’ money he obtained under false pretenses – plus a sizable amount in interest.”

He is also permanently barred from serving as a fiduciary of any New York charitable entity or soliciting charitable contributions in New York.

The Attorney General’s Charities and Public Integrity Bureaus filed a lawsuit in 2008 against Fritschler for fraud, breach of fiduciary duty, misuse of government

funds and public corruption. Following an eight-day bench trial in the Ulster County Supreme Court last fall, Justice Raymond J. Elliott, III, ruled in favor of the Attorney General on all of the Office's claims against Fritschler. The judge's decision was filed today.

Judge Elliott found that Fritschler breached his fiduciary duties to LERW, the charity, by engaging in self-dealing, including making cash payments to himself and using LERW's credit card to pay for personal expenses, such as entertainment and meals with his friends at expensive restaurants, including at DePuy Canal House and The Inn at Stone Ridge. The judge found that Fritschler took \$155,568.65 for his personal use.

Judge Elliot ruled that Fritschler defrauded Ulster County taxpayers by concealing his role at LERW from the legislators and County officials responsible for awarding contracts and authorizing the expenditure of County monies.

Prior to the trial, the Attorney General's Office oversaw the dissolution of LERW and settled related claims against members of LERW's board of directors.

The EMC was created in 1972 by the Ulster County Legislature to coordinate environmental matters for the County. Fritschler served as the Chairman of the EMC from 1995 through 2006. He resigned in January 2007 after evidence of his conflicts of interest surfaced. Among other misdeeds, Fritschler arranged for LERW to hold title to all of the vehicles, computers and other equipment used by the County employees assigned to the EMC. When Fritschler quit his position at the County in 2007, he refused to return these assets to the County, leaving County employees without the tools needed to continue the EMC's environmental programs.

This matter was tried by Assistant Attorneys General Nathan Courtney and Steven Shiffman under the supervision of Charities Bureau Enforcement Section Chief David Nachman, Charities Bureau Chief Jason Lilien and Janet Sabel, First Deputy Attorney General of Affirmative Litigation.

The Attorney General acknowledges the assistance of Ulster County Executive Michael Hein, Ulster County Attorney Beatrice Havranek and other Ulster County officials and legislators in prosecuting this case.